

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 16-097**

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.  
d/b/a LIBERTY UTILITIES**

**2016 Least Cost Integrated Resource Plan**

**Order Approving Plan**

**ORDER NO. 26,039**

**July 10, 2017**

**APPEARANCES:** Michael J. Sheehan, Esq., for Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty; D. Maurice Kreis, Esq., for the Office of the Consumer Advocate, on behalf of residential ratepayers; Alexander F. Speidel, Esq., for Commission Staff.

In this order, the Commission approves Liberty's 2016 Least Cost Integrated Resource Plan, requires Liberty to file its next plan in 2019, and directs Liberty to develop standard operating procedures to implement its plan.

**I. PROCEDURAL HISTORY**

On January 14, 2016, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities ("Liberty") filed a Least Cost Integrated Resource Plan ("LCIRP") pursuant to RSA 378:38 and Order No. 25,625 at 7-8 (January 27, 2014). The Office of the Consumer Advocate filed a notice of participation on January 22. On August 3, 2016, the Commission issued an Order of Notice scheduling a pre-hearing conference for August 18, 2016, which was held as scheduled. No other parties intervened. The parties engaged in discovery and technical sessions, and Staff filed written testimony pursuant to a Commission-approved procedural schedule. The Commission conducted a hearing on the merits on December 6, 2016.

## II. POSITIONS OF THE PARTIES

Liberty's LCIRP, Hearing Exhibit 1 (Exh. 1), describes four substantive planning phases: (1) long-term demand forecasting, (2) energy supply and transmission planning to meet forecasted demand, (3) distribution planning that includes evaluation of wires and non-wires alternatives to address system deficiencies, and (4) evaluation and integration of energy efficiency and demand side management programs.

Liberty's Director of Engineering, Christian Brouillard, testified that Liberty's LCIRP satisfies the criteria set forth in statute. Hearing Transcript of December 6, 2016 ("12/6/16 Tr.") at 8. Liberty argued that RSA 378:38 can reasonably be interpreted to permit the type of process-oriented planning document Liberty filed, and that Liberty's LCIRP was therefore adequate. *Id.* at 99. Liberty asked the Commission to approve Liberty's LCRIP as filed. *Id.*

Commission Staff opined that Liberty's LCIRP generally meets the standards for approval set forth in RSA 378:37, 378:38, and 378:39. Exh. 2 at 3. Staff advised that written policies and procedures need to be codified and communicated throughout the Company to meet the terms of Order No. 25,625 for better integration of the Company's actual enterprise planning with its LCIRP process. Exh. 2 at 4. Nonetheless, Staff recommended that the Commission approve the LCIRP on the condition that Liberty develop written policies and procedures for employees and managers to follow to ensure effective planning consistent with the LCIRP. Exh. 2 at 3-4.

The OCA neither supported nor opposed the approval of the LCIRP. Instead, the OCA argued that RSA 378:39 requires that the Commission review Liberty's specific decisions regarding deployment of its resources as opposed to reviewing a process-oriented plan. Approval of a process-oriented document, according to the OCA, reduces the exercise of least cost planning to busy work and fails to take into account that utilities are no longer vertically

integrated or that transmission decisions take place on a regional level. 12/6/16 Tr. at 79-89.

The OCA argued that the Commission should confront the realities of a changed industry when approving LCIRPs, although the OCA stated that this would not be necessary in this docket. *Id.* at 86-88.

### **III. COMMISSION ANALYSIS**

We recognize that the current Liberty LCIRP represents its first plan filed since the Legislature amended the requirements of RSA 378:37-:40 effective August 15, 2014. We also note that in our order on Liberty's most recent LCIRP, Order No. 25,625, we described certain filing requirements for the LCIRP presented here. That order was issued on January 27, 2014, and thus predated the amendments to the statute. Given that timing, we view this LCIRP filing as a transition to the new statute's requirements.

We must evaluate Liberty's LCIRP for consistency with the requirements set out in RSA 378:38 and Order No. 25,625, considering potential environmental, economic, and health-related impacts of each option proposed by the utility, RSA 378:39, while also acknowledging that it is the energy policy of New Hampshire "... to meet the energy needs of the citizens and businesses of the state at the lowest reasonable cost while providing for the reliability and diversity of energy sources; to maximize the use of cost effective energy efficiency and other demand resources; and to protect the safety and health of the citizens, the physical environment of the state, and the future supplies of resources; and consideration of the financial stability of the state's utilities." RSA 378:37.

RSA 378:38 requires an LCIRP to include, as applicable: (1) a forecast of future demand for the utility's service area; (2) an assessment of demand-side energy management programs; (3) an assessment of supply options including owned capacity, market procurements, renewable

energy, and distributed energy resources; (4) an assessment of distribution and transmission requirements, including an assessment of the benefits and costs of “smart grid” technologies; (5) an assessment of plan integration and impact on state compliance with the Clean Air Act of 1990, as amended, and other environmental laws; (6) an assessment of the plan’s long- and short-term environmental, economic, and energy price and supply impact on the state; and (7) an assessment of plan integration and consistency with the state energy strategy under RSA 4-E:1.

In addition, in Order No. 25,625, the Commission required Liberty to provide a detailed methodology of how Liberty intends to engage in distribution planning; to better integrate its actual enterprise planning with its LCIRP process; to provide a business process model that indicates the Liberty personnel responsible for each stage of distribution planning, the inputs involved in each stage, the outputs produced, and the time commitment for each stage; to provide additional details regarding how environmental, economic, and health-related impacts inform the Company’s decision making; to provide a more comprehensive discussion of how Liberty assesses non-wires alternatives in its distribution planning; and to explain in greater detail how demand- and supply-side options for distribution planning are integrated by Liberty as part of its planning process.

We find that Liberty has addressed the nine planning elements set forth in RSA 378:38 and those we set forth in Order No. 25,625; however, we note that in future LCIRP filings, as discussed below, we will require more thorough analysis of certain elements. Regarding the first planning element, a forecast of future electrical demand for Liberty’s service area, Liberty has presented such information in Section 2 and Appendix B of its LCIRP, titled “Final Seasonal Peak Forecasts, 2015-2031.” *See* Exh. 1, at Bates pp. 13-17, 101-46. For the second element, an assessment of demand-side energy management programs, including conservation, efficiency

improvement, and load management programs, Liberty has presented its perspective in Section 6 of its LCIRP, “Energy Efficiency & Demand-Side Management.” *See* Exh. 1, at Bates pp. 67-92. For the third planning element, an assessment of supply options, Liberty has presented an overview in Sections 3-5, titled “Electricity Market Overview,” “Distribution Planning,” and “Non-Wires Alternatives T&D Integration Process.” *See* Exh. 1, at Bates pp. 16-67. With regard to the fourth element, an assessment of distribution and transmission requirements, Liberty has provided the information in Sections 3 and 4 of its LCIRP, titled “Energy Supply & Transmission Planning” and “Distribution Planning.” *See* Exh. 1, at Bates pp. 17-58. Liberty addresses the fifth element, an assessment of plan integration and impact on state compliance with the Clean Air Act of 1990, as amended, and other environmental laws in its Executive Summary and Appendix A, titled “LCIRP Statutory Requirements.” *See* Exh. 1 at 5-12 and 95-100. The sixth planning element, an assessment of the plan’s long- and short-term environmental, economic, and energy price and supply impacts are addressed in the Executive Summary, Section 3, Section 4.4, and Section 6. *See* Exh. 1 at Bates pp. 5-12, 17-26, 32-40, and 63-92. Liberty addresses the seventh planning element, an assessment of plan integration and consistency with the state energy strategy, in its Executive Summary and Appendix A. *See* Exh. 1 at 5-12 and 95-100.

Last, Liberty addresses the LCIRP enhancements that the Commission ordered in Order No. 25,625 in both the form and content of this LCIRP. We agree with Staff and find that, to fully address our previous directive to “better integrate its actual enterprise planning with its LCIRP process,” Liberty should prepare and adopt standard operating procedures for its employees and managers to integrate day-to-day and long term planning with its LCIRP. To that end, we direct Liberty to develop, in consultation with Staff, comprehensive standard operating

procedures for its employees and managers to better integrate its day-to-day and long-term planning with the LCIRP we approve today. Liberty shall complete the standard operating procedures, have them in place, and submit them for our review at the time they file their next LCIRP, which shall be no later than July 1, 2019.

Further, Liberty's next LCIRP filing will need further development to support our approval under RSA 378:39, which was revised as part of the recent amendments to the LCIRP statute. We direct Liberty to address all of the statutory elements of RSA 378:38 in its next LCIRP in sufficient detail, and with supporting analysis, so that reviewing parties may evaluate the plan against the relevant statutory standards. In addition to cost comparisons of the various alternatives considered, we will require more detailed evidence of reliability, environmental, economic, and health related impacts. Liberty has the burden to meet the requirements of RSA 378:38, and to demonstrate that its planning process results in the adoption of least cost options that meet the standards articulated in RSA 378:39 by which the Commission is required to evaluate the plan. We encourage Liberty to consult with Staff to assure that its next filing is complete.

We believe the above requirements respond to the concerns raised by the Consumer Advocate at hearing. We do not need to agree or disagree with his observations about the need to review specific decisions regarding deployment of resources, to approve the current filing while requiring more in the next.

In conclusion, Liberty has provided a reasoned perspective on each element of analysis set forth in RSA 378:38, and we approve Liberty's LCIRP as adequate for the purposes of meeting those elements. We also find that Liberty's plan adequately addresses the additional requirements we set forth in Order No. 25,625, with the exception of better integrating its actual

enterprise planning with its LCIRP process. To that end, we order Liberty to develop and distribute standard operating procedures for its employees to follow, to ensure that its day-to-day and long-range planning are conducted in accordance with its LCIRP to the greatest extent possible.

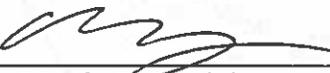
**Based upon the foregoing, it is hereby**

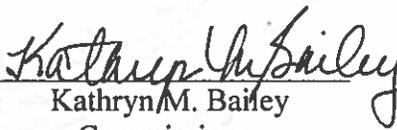
**ORDERED**, that Liberty's Least Cost Integrated Resource Plan (LCIRP) filed January 14, 2016, is approved and found adequate as discussed herein, and it is

**FURTHER ORDERED**, that Liberty shall prepare and adopt standard operating procedures for its employees and managers to integrate day-to-day and long-term planning with its LCIRP; and it is

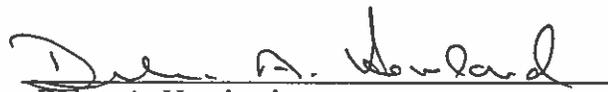
**FURTHER ORDERED**, that Liberty shall file its next LCIRP on or before July 1, 2019, unless otherwise ordered by the Commission.

By order of the Public Utilities Commission of New Hampshire this tenth day of July, 2017.

  
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Martin P. Honigberg  
Chairman

  
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Kathryn M. Bailey  
Commissioner

Attested by:

  
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Debra A. Howland  
Executive Director